



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

January 23, 2012

John Vincenzo, Executive Director
Home Services, Inc.
5019 Northup
St. Louis, MO 63110

RE: Community Development Block Grant (CDBG) and Home Investment Partnership
(HOME) (Project #2012-CDA19)

Dear Mr. Vincenzo:

Enclosed is a report of the fiscal monitoring review of the Home Services, Inc., a not-for-profit organization, CDBG and HOME Programs, for the period January 1, 2011, through October 31, 2011. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Home Services, Inc. Fieldwork was completed on December 20, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
HOME INVESTMENT PARTNERSHIP (HOME)**

**HOME SERVICES, INC.
CONTRACT #11-36-21 AND #11-HM-36-21
CFDA #14.218 AND #14.239**

FISCAL MONITORING REVIEW

JANUARY 1, 2011 THROUGH OCTOBER 31, 2011

PROJECT #2012-CDA19

DATE ISSUED: JANUARY 23, 2012

**Prepared By:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
HOME INVESTMENT PARTNERSHIP (HOME)
HOME SERVICES, INC.
FISCAL MONITORING REVIEW
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INTRODUCTION

Background

Contract Name: Home Services, Inc.

Contract Numbers: 11-36-21 and 11-HM-36-21

Contract Period: January 1, 2011 through December 31, 2011

CFDA Numbers: 14.218 and 14.239

Contract Amounts: \$1,160,894 and \$657,188

The contract provided Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds to Home Services, Inc. (Agency) to support its efforts in providing minor residential home repairs, safety and security modifications and energy/weatherization services to elderly and disabled homeowners residing in the City of St. Louis.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2011, through October 31, 2011, and make recommendations for improvements, as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed, as considered necessary. Fieldwork was completed on December 20, 2011.

Exit Conference

The Agency was offered the opportunity for an exit conference on January 12, 2012; however, it was declined.

Management's Responses

Management's response to the observation and recommendation identified in the report was received on January 19, 2012. This response has been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2011-CDA23, issued June 9, 2011, did not have any observations.

A-133 Status

The Agency expended \$500,000 or more in federal funds in its calendar year ended December 31, 2010, therefore, it was required to have a single audit in accordance with OMB Circular A-133. As of the fieldwork completion date, the report had not been completed (see Summary of Current Observations).

Summary of Current Observations

A recommendation is made for the following observation, which, if implemented, could assist Agency with in fully complying with federal, state, and local CDA requirement.

- Opportunity to comply with OMB Circular A-133 single audit reporting requirement

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Comply With OMB Circular A-133 Single Audit Reporting Requirement

The Agency did not have the single audit issued, for the calendar year ended December 31, 2010, as required by OMB Circular A-133. The report was due September 30, 2011. As of the fieldwork completion date, the report had not been issued.

OMB Circular A-133 requires all non-federal organizations, expending \$500,000 or more in federal awards during their fiscal/calendar year, to have a single audit conducted no later than nine months after the end of the fiscal/calendar year.

The Agency did not have a system of control in place to ensure compliance with the OMB Circular A-133 reporting requirement.

Failure to comply with the requirement may result in suspension or termination of the grant contract agreement.

Recommendation

It is recommended the Agency establish and implement a system of internal controls to ensure compliance with the OMB Circular single audit reporting requirements

Management's Response

Management concurs with finding. The Agency plans to take steps to ensure the reporting package is submitted to the Federal Audit Clearing House within nine months after the end of the audit.